

Agriculture – Standards Division – Question: Can Ag shift to a 2-year inspection cycle?

Highway Fund Questions

Q. As I understand it, inspections are performed at least once per year. If inspections were moved to a two year cycle, what would be the impact to the inspections program? This assumes that Agriculture would have full authority to check “problem” operators as frequently as it deems necessary but stations that haven’t had significant issues could go longer between inspections.

A. The goal of our programs is to perform inspections on an annual basis. The factors that affect this are the continued growth of North Carolina population (and businesses to support them), changes in fuel (such as wider ethanol use), equipment (technical changes in fuel dispensers) as well as vacancies and injuries. In addition, consumer complaints and requests are a priority that affects routine inspections, as responses are often made within 24 hours. This is especially the case the last several months; we tend to get more complaints on fuel dispensers being accurate as fuel prices climb. At present, inspection cycles for our programs are:

- Motor Fuels Section (fuel quality) has about a 15 month cycle
- the Measurement Section, specifically the fuel dispenser and meters, about a 14 month cycle
- The LP-Gas program is about 14 months for truck/meters and 1 year for bulk plants.

The Division has been attempting for several years to move to computers in the field, allowing electronic records to be generated and stored in a database that would eventually allow risk based inspections. To date funds have not been approved for this project, although a request for funds for a small pilot project has been made again for 2011-12.

Q. I assume G.S. 119-37 would need to be amended to ensure documentations are maintained for two years, not one year. Are there other legal issues to consider?

A. G.S. 119-37 may need changed. Delivery documentation is not routinely examined, but is done when there is a complaint or a product is condemned. Generally the most recent delivery or two would be of concern. There are some seasonal fuel requirements that may require further review, but I think 1 year of documentation is still sufficient.

G.S. 119-18 would have to be changed. The funds for the inspection tax exist within the Highway Fund, but are separate from it. DOT does not currently have access to these funds. As it stands now, any cuts to NCDA&CS and NCDOR would divert more money to the Leaking Underground Storage Tank Cleanup Fund administered by NCDENR. The net effect to DOT would be unchanged as the same level of funding would appear to come out of the Highway Fund.

Q. What would be the fiscal impact and impact to positions if the inspection cycle shifted to a two-year cycle?

A. A reduction to staff would shift the inspection cycle, but the increased size of new inspection areas (more travel) is a variable that makes it difficult to determine what that new cycle will be. For a 2 year inspection cycle, I estimate the following:

- Motor Fuels Section, loss of 2 Chemistry Technician II positions.
- Measurement Section, retail fuel dispensers, loss of 1 Standards I Inspector and 2 Dual Role Inspectors.
- Loss of 1 Calibrator would put that program on an 18-24 month cycle.
- Loss of 1 LP-Gas Bulk Plant Inspector would put those inspections on an 18-24 month cycle

The Fiscal Impact for these positions (salaries and benefits only) would be \$335,045 a 6.4% reduction

Q. On the 15% list, could you add a column to show if you would define the impact as “minimal”, “moderate”, or “maximum”?

A. These have a cumulative effect, a cut at the 5% level may be moderate, but as more of the same positions or cuts to specific items are increased at the 10% and 15% levels, the overall impact may change to maximum. I have provided the impact at each level of cuts considered.